DOCUMENT RESUME

ED 211 812 CE 031 096

AUTHOR	Gall, Joyce P.
TITLE	Getting Down to Business: Carpentry Business, Module 34. [Student Guide]. Entrepreneurship Training Components.
INSTITUTION	American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY	Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE	May 81
CONTRACT	300-79-0535
NOTE	89p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM	Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100LL1, $6.00. 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Administrator Role; Advertising; *Business Administration; *Business Education; *Business Skills; *Carpentry; Financial Support; Learning Activities; Money Management; Recordkeeping; Salesmanship; Secondary Education
IDENTIFIERS	*Entrepreneurship; *Small Businesses

ABSTRACT

This module on owning and operating a carpentry business is one of 36 in a series on entrepreneurship. The introduction tells the student what topics will be covered and suggests other modules to read in related occupations. Each unit includes student goals, a case study, and a discussion of the unit subject matter. Learning activities are divided into individual activities, discussion questions, and a group activity. Units (and subject matter) in this module are planning your business (services, customers, competition; important personal qualities; how to compete; legal requirements); choosing a location (where you do your work; paying for a separate business location); getting money to start (statement of financial need; purpose of a business description); being in charge (dividing the work; paying for services; hiring employees; supervising and training employees); organizing the work (making an estimate; work orders; work schedules; time planning); setting prices (factors that determine price); advertising and selling (advertising methods; what makes a good ad; selling your services); keeping financial records (importance of good financial record keeping; handling credit; daily cash sheet); and keeping your business successful (profit and personal satisfaction; profit/loss statement; getting information about expansion). A summary and quiz complete the document. (A teacher's guide is available for this module.) (CT)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED211812

etc Entrepreneurship Training Components

GETTING DOWN TO BUSINESS:

Carpentry Business

Module 34

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C. Kaplan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE031096

American Institutes for Research

The information reported herein was obtained pursuant to Contract No. 300-79-0535, Office of Vocational and Adult Education, U.S. Education Department. Contractors undertaking such projects under government sponsorship are encouraged to document information according to their observation and professional judgment. Consequently, information, points of view, or opinions stated do not necessarily represent official Education Department position or policy.

GETTING DOWN TO BUSINESS:

Carpentry Business

Joyce P. Gall

May 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

The Entrepreneurship Training Components are based on information from many sources. Special acknowledgement is due the Small Business Management and Ownership materials designed and tested by CRC Education and Human Development, Inc. for the U.S. Office of Education's Bureau of Occupational and Adult Education. Special thanks are owed the entrepreneurs who shared their experiences during the preparation of this module.

TABLE OF CONTENTS

Introduction 1

Unit 1
Planning a Carpentry Business 3
Learning Activities 11

Unit 2
Choosing a Location 13
Learning Activities 20

Unit 3
Getting Money to Start 23
Learning Activities 29

Unit 4
Being in Charge 31
Learning Activities 37

Unit 5
Organizing the Work 39
Learning Activities 46

Unit 6
Setting Prices 49
Learning Activities 56

Unit 7
Advertising and Selling 59
Learning Activities 67

Unit 8
Keeping Financial Records 69
Learning Activities 77

Unit 9
Keeping Your Business Successful 79
Learning Activities 86

Summary 89

Quiz 91

INTRODUCTION

How are you going to use your job skills after you finish school?

Have you ever thought about starting your own carpentry business?

This module describes people who have started and managed a carpentry business. It gives you an idea of what they do and some of the special skills they need.

You will read about

- planning a carpentry business
- choosing a location
- getting money to start
- being in charge
- organizing the work
- setting prices
- advertising and selling
- keeping financial records
- keeping your business successful

You will also have a chance to practice some of the things that carpentry business owners do.

Then you will have a better idea of whether a career as a carpentry business owner is for you.

Before you read this module, you might want to study Module 1, Getting Down to Business: What's It All About?

When you finish this module, you might want to read

Module 31, Getting Down to Business: Auto Repair Shop;
Module 32, Getting Down to Business: Welding Business;
Module 33, Getting Down to Business: Construction Electrician Business.

These modules are related to other programs in trades and industry.

UNIT 1

Planning a Carpentry Business

Goal: To help you plan a carpentry business.

Objective 1: Describe the services, customers, and competition of a carpentry business.

Objective 2: List three personal qualities a carpentry business owner should have.

Objective 3: List two ways for a carpentry business to "stand out" from its competition.

Objective 4: List two special legal requirements for running a carpentry business.

TED LASSER'S CARPENTRY BUSINESS

Ted Lasser is a journeyman carpenter. As an apprentice he gained skill in rough carpentry work. He helped build bridges, homes, and office buildings. After Ted's apprenticeship, he was hired by a construction company. At first he did all types of carpentry work that go into building new homes. Then Ted found that he liked sawing, fitting, and assembling plywood and wallboard best. He also became skilled at "finish" work. This included installing molding, wood paneling, doors, and hardware.

After a while, the number of new houses being built in his area began to drop. Ted found he was off work too much of the time. "There aren't enough new homes going up," Ted thought. "But I can use my skills in remodeling houses, too."

There was not a great demand for remodeling where Ted lived. Ted moved to a different area where remodeling old houses was in great demand. His cousin Joe was a general contractor in the area. Joe said he would help Ted get started. So Ted began his own business in remodeling construction. To start his business, Ted had to get a license as a general contractor. Then he could be in charge of remodeling jobs instead of working for someone else.

Ted also wanted to use all of his carpentry skills instead of just a few. So when he gets a contract for a remodeling job, he handles most of the carpentry work himself. He subcontracts other work that needs to be done. This includes electrical wiring or plumbing. Workers in these trades do the work for him. As a contractor Ted manages all the remodeling work. Ted must break down each job into the steps that need to be done. He must decide the type and amount of materials to order. He must decide how long the job will take and what to charge.

Ted likes working with wood and other building materials. He takes pride in building a solid foundation or doorway. His special love is to make an old house with cramped space and out-of-date fixtures larger and more livable. Ted also likes being his own boss. Sometimes it is hard to keep track of all the details. Sometimes he worries about losing money on a job. But so far, he feels that his business has done well.

Planning a Carpentry Business

There are many, many small businesses in America. Small businesses can have as few as one worker (the owner) or as many as four workers. A small business owner is "self-employed." Often a whole family works together in a small business.

Services, Customers, and Competition

Carpenters make up the largest number of skilled workers in the construction industry. They have been called the "backbone" of construction.

Carpenters cut, fit, and assemble wood and other material to build structures of many kinds. They build home foundations and frameworks. They also put in wood trim, hang doors, and do other "finish" work to make a house ready to live in.

Some carpenters build new homes, offices, or public buildings. Some work full time to remodel and repair older buildings. Some carpenters may do the whole range of carpentry tasks. But most carpenters specialize, doing only trim work or hanging doors or putting in subfloors, for example.

Some self-employed carpenters do small jobs for home owners or businesses that do not involve other construction operations like plumbing or electrical work. Many self-employed carpenters subcontract certain types of carpentry tasks on building or remodeling projects. In this case, the carpenter is called a "specialty subcontractor." He or she handles only one of the many carpentry operations (drywall, cabinet, masonry work, etc.) that must be done.

Some carpenters become general contractors who work directly for the owner, the person who orders and pays for the whole job. Others subcontract to do specialized carpentry work under the direction of the general contractor, who is hired by the owner to manage the whole job.

Competition in carpentry and construction is high. During periods of heavy building, the demand for carpentry services rises so there is enough work to go around. When building drops, carpenters have to compete with many other carpenters for jobs.

Important Personal Qualities

First of all, self-employed carpenters and general contractors who do their own carpentry need the skills that any good carpenter needs.

- They must be good at using tools.
- They must be able to read plans and blueprints.
- They must know how to decide the amount of materials that are needed for each job.
- They must be able to measure and picture the placement of walls, windows, and doors.
- In remodeling work, they must be good at "saving" certain features of the old structure and combining them with new construction.

Carpenters also need to be physically fit and able to work in cramped or high places. They must be able to use sharp tools and power equipment, too.

To become a good general contractor, a carpenter needs other qualities. For example, he or she must be able:

- to get along well with developers, homeowners, his or her own employees, and workers in other trades;
- to be careful and have patience for all the details of managing a job;
- to be willing to work different hours, often switching from long hours to periods of little work; and

- to be a good manager of people, time, work, and money, as you will see in this module.

How to Compete

Contractors usually compete for every job by bidding at the lowest price that will let them do the work and still make a profit. There are also other ways to stay ahead of the competition.

Offer a service for which there is high demand. When new building went into a slump, Ted Lasser saw his chance to move into remodeling and repair work. There is an increasing need to remodel or put additions onto old buildings. Rising building costs and changing lifestyles will add to this need in the future.

Locate in an area that needs the services you offer. When Ted Lasser decided to specialize in remodeling, he moved. He wanted to be in an old, urban area where there were large old buildings. There also had to be enough people who could afford to remodel their own house.

Build a reputation for doing good work on time. Owners can lose a lot of money if the general contractors and subcontractors do not deliver on their contracts. Maybe your bid is the same as, or even a bit higher than, another contractor. In this case, having a good reputation can help you get the contract.

Have many contacts. To get jobs, you need to know people who need to have work done or who know people looking for someone to help them out on a contract. Having friends and relatives in the construction business is a big help. If you refer customers to people in other specialty trades, they may do the same for you.

Establish good credit. Pay your subcontractors and suppliers on time.

Legal Requirements

Most carpentry training programs require two years of high school. Although many carpenters learn their skills informally, an apprenticeship is recommended for people entering the trade. To become an apprentice you must be at least 18 years old, in good physical condition, and approved by a local committee composed of employers and managers in the trade.

An apprenticeship requires several years of on-the-job training. A certain number of hours of related classroom instruction are also required.

Bonding is often required of specialty contractors to work on public construction jobs and other large jobs. The owner (or general contractor) requires a bond, which is a fixed amount of money, as protection against the specialty contractor's failing to deliver.

Bonding companies write bonds for general and specialty subcontractors if their yearly revenues are high enough. A carpenter who becomes a contractor must first succeed on smaller contracts that do not require bonding. Then the contractor will have a better chance of becoming bonded for work on larger contracts.

In some areas you must belong to the local carpenters' union before you can subcontract for any work on a large construction project. In most states you need several years of experience and must pass a state test to get a contractor's license. You must also prove your financial soundness. Once you have a contractor's license, you can start your own business.

License requirements differ from state to state. Contact the licensing agency in your state to learn what is required.

You will usually need a city business license also. Having a business license protects you from not being paid for work you have done.

You will have to find out exactly what the legal requirements are in your local area.

Summary

As a self-employed carpenter or general contractor, you can provide building and remodeling services to homeowners, builders, and developers. Some carpenters who work for themselves do small jobs that require only carpentry work. Others subcontract one type of carpentry task in larger construction jobs from general contractors. Still others become general contractors and subcontract other work while doing the carpentry work themselves. You need good carpentry skills and managerial ability to succeed. Competition is heavy. But having a specialty that is in demand, being located in an active area, and having good contacts and a good reputation will help you compete. Apprenticeship, bonding, and licensing are common legal requirements for working in the construction business.

Learning Activities

Individual Activities

1. List two common legal requirements for a carpenter to be in business for him- or herself.

2. Do you think you would like to use your experience in carpentry as a general contractor? Check "yes" or "no" for each item below.

   ____ Yes ____ No a. I prefer to work steady hours.

   ____ Yes ____ No b. I must have a neat, quiet place to work.

   ____ Yes ____ No c. I like to deal only with other trade workers.

   ____ Yes ____ No d. Once I get started on a job, I don't like having to change it.

3. List two skills needed by a carpenter who specializes in remodeling that a carpenter building new homes does not need.

4. List two ways to compete if you are a general contractor with a carpentry background.

5. Look up "carpenters" in the service directory of your local newspaper's classified section or in the Yellow Pages of the telephone book. List the different types of services and specialties mentioned.

Discussion Questions

1. Do you think that Ted Lasser did a good job in planning to go into business for himself? Why, or why not?

2. What are some problems and benefits to working for yourself as a carpenter as opposed to being a regular employee of a construction company?

3. When a carpenter in a certain specialty (flooring, cabinetwork, etc.) subcontracts for a construction job, he or she is making a commitment to do certain things. Discuss what these things are.

Group Activity

Invite to class an independent carpenter or a general contractor with a carpentry background to find out how this person chose this work.

Develop a set of questions to ask, for example: (1) How did you get your training? (2) How did you decide what to specialize in? (3) What do you like most about this type of work?

UNIT 2

Choosing a Location

Goal: To help you choose a location for a carpentry business.

Objective 1: List three things to think about in deciding where to locate a carpentry business.

Objective 2: Pick the best location for a carpentry business from three choices and explain your choice.

TED LOCATES HIS BUSINESS

Ted moved to a new area to start his general contracting business. He lives near a large city that is going through urban renewal. Many large old townhouses have been bought by developers. They are being converted into apartment houses and condominiums. Many wealthy families own old homes in the city or in nearby suburbs. As their housing needs change, many decide to add onto their houses or to remodel.

Ted felt that there would be plenty of remodeling business for him in this area. Having his cousin Joe nearby also helped him decide on this area. Joe had been a general contractor in the area for a long time. He could tell Ted about the area. He could also help him meet contractors and owners who might have remodeling work to contract.

When they moved, Ted and his wife Sue bought a two-bedroom house in a suburb. Ted put his skills to good use right away. He remodeled part of the kitchen and porch to make a shop. Ted's shop has room for his carpentry tools and books. He can also do some carpentry work there.

Ted put a desk, a file, and an extra phone in his shop. That way he could do his planning and keep his business records there, too.

To help people find him, Ted had business cards made up with his home address and phone number. Ted didn't want to miss any calls while he was out on a job. So he asked his wife Sue to take messages for him.

Ted and Sue also bought a phone minder. This is a tape recorder that attaches to the phone. It takes messages from callers when both Ted and Sue are away.

Ted found that there was lots of remodeling going on in his new area. There were also many general contractors and self-employed carpenters going after the same work. Having a shop and office in his home kept Ted's expenses down and helped him compete.

Choosing a Location

Importance of the General Area You Live In

As a carpenter or a general contractor you first need to decide what area to service. You should ask these questions.

- Are there enough customers in the area who need my special services?
- What is the competition?
- Is this an area where I want to live?

The housing mix and income level of the area are important for a carpentry business. Older homes have more need for repair and remodeling.

People who own houses in a higher economic area can afford to pay for more expensive remodeling. The houses are also of better quality and design. So the remodeling work will be more interesting and will need careful finish work.

The amount of competition in the area will affect your chance of success. If you locate in an area where the demand is high, there may also be many other carpenters in the area. Then you must compete effectively.

Being familiar with an area helps you get business. If you are new to the area, you will need to find out about building codes and common practices. You will need to find out what unions carpenters belong to. You also must find out whether contractors hire nonunion workers or workers who belong to only certain unions.

Having friends or relatives in the construction industry is a good way to find out more about the area. It also helps to read the newspaper

and find out where building and remodeling are going on. You should talk to architects, engineers, and suppliers as well.

Where You Do Your Work

For the most part, a carpenter works at the job site. If you start your own business as a carpenter or a general contractor, you may not even need a business location. Many carpenters use their homes and their own cars or trucks for business. Before you decide to use your home or rent a shop or office, you must think about what you need.

A place to store your tools and equipment. Most carpenters have their own power equipment (saws and drills, for example). You may keep your tools and equipment in your car, in your home, or in a locked storage area. If you are on a large job, you may be be able to store your tools and equipment in a building or storage shed at the job site.

A place to handle the bookkeeping and keep financial records. When you are in business for yourself, you need to keep your own business records, pay bills, etc. Some carpenters do their books at the kitchen table at night. All they have to keep records in is a cardboard box or shoebox.

You should think about your own needs for keeping records and planning. Do you want to have books on carpentry handy? If so, where will you put them? Can your workbench serve as a desk? Or do you need a desk or even a separate office? You will probably want to keep a balance between a workplace that is large enough to do many different kinds of work and one that is not too expensive to maintain.

A way to let customers find you and contact you about work. If you run a store or rent an office, people will know where to find you at any time. If you work out of your home, this is not so easy. Carpenters and contractors need to advertise. They should stay in touch with people in the building and housing trades. If your business is in your home, you

must use advertising and personal contacts to remind people of your services.

You also need a way of getting new business. A telephone is a must. When you are out on a job, someone must take messages. A family member or employee can answer phones for you. When no one is home, you can use a phone minder to record messages. Or you can have an answering service take your calls.

Paying for a Separate Business Location

Some carpenters and many general contractors have a separate business location. This helps potential customers see their business. It also helps them keep some space between work and their personal life.

Whether you decide to rent, lease, or buy a business location depends on your own personal and business needs. If you are making cabinets, for example, you need a shop in which to cut and assemble wood. You also need room to store and work with saws, sanders, etc. Sawing and hammering are very noisy. You will need an area where you live, a separate shop, or an area on the job site to do these kinds of tasks.

Before you decide to rent or lease a space, you should check the available business sites in your area. Carpenters and contractors need industrial or commercial space. Most newspapers list available space for rent in the classified ads. Reading the ads will give you a better idea of what you can afford in your general area.

If you do decide to rent or lease space, you should check the site carefully. It should be in good condition. It should give you the room you need for work and storage. It should also be convenient for your customers to visit to arrange or check on a job.

Summary

A carpentry or contracting business needs to be located in an area where the demand for its services is fairly high. It should also be located where there is not too much competition. Of course, you should be in an area where you like to live and work. Whether you work out of your home or pay for a business site, you need room for storage, carpentry work, managing the business, and staying in touch with people who need your services.

Learning Activities

Individual Activities

1. List three things to think about in deciding the general area in which to locate a carpentry or contracting business.

2. List two ways you could find out whether your area would be good for a new general contractor specializing in remodeling.

3. List three things you would like to have in your own place of business.

4. Two ads in the paper list commercial property for rent. "A" has 625 square feet for $250/month. "B" has 1200 square feet for $840/month. Figure out the cost per square foot to see which property is a better buy.

5. Look in the classified section of the newspaper for commercial and industrial property for rent. List the features in the ads that you would like to have in a carpentry business location.

Discussion Questions

1. Get a map of your own community. Decide on three places in different parts of the community where a carpenter might be wise to locate his or her business. Explain why each is a good choice.

2. Suppose you want to be a self-employed carpenter but do not like city living. Discuss what services you could offer to have a successful business in a rural area.

3. Discuss the advantages and disadvantages of using your home for your carpentry work vs. renting a business site.

Group Activity

In small groups of two or three students each, make a list of all the factors that Ted Lasser took into account when he moved to a new area to start his general contracting business. Decide which factor you think is most important, next most important, etc. Come up with a group ranking of the factors from most to least important.

UNIT 3

Getting Money to Start

Goal: To help you plan how to borrow money to start your own business as a carpenter.

Objective 1: Write a business description for a carpentry business.

Objective 2: Fill out a form showing how much money you need to borrow to start a carpentry business.

TED LASSER GETS A LOAN

Ted Lasser didn't like to borrow money. But when he got ready to start his business, he had to face facts. The move had cost a lot. Sue and Ted both had to stop work for a while. They needed most of their savings for the down payment on their new home.

"Don't feel bad about needing money, Ted," his cousin Joe told him. "Most people need help to get started." Joe told Ted about his own struggles when he started as a contractor. "I learned to trust myself and take a chance on myself. Now you've got to do the same thing."

Joe helped Ted think through all the things he already had. These included both money and things of value such as his tools. Ted then made a list of the things he needed. His list included: insurance; advertising; a bookkeeping system; a phone minder; and building supplies. Ted also needed a few more tools and two pieces of equipment for tearing out stairs and walls.

Then Ted got on the phone. He called Joe's insurance agent and some of his suppliers. He called printers and newspapers to check the price of business cards and printed ads. Ted "shopped around" for the best prices. He also took the time to visit each business that was selling what he needed. He took notes on the cost of each service or product he might need.

It was hard work, but Ted knew he could use what he learned once he got started. "I'd better find out as much as I can now," he thought. "Once I do get started, doing carpentry work and keeping things going will keep me awfully busy!" Ted wrote up a statement of financial need based on the information he collected. He estimated his expenses for three months. By that time he thought he could finish at least one large remodeling job. It would bring in enough money to keep him going.

He decided to ask for a bank loan of $3,000. To help him get the loan, Ted also wrote a business description. In it he described the services he planned to offer and his ideas for competing with other businesses doing remodeling. He explained that he would work out of his home. Ted tried to write a statement of financial need and business description that were clear and complete. He knew that the bank would look at them carefully for an idea of how well he could plan and handle money.

Getting Money to Start

Statement of Financial Need

A statement of financial need helps you make sure you have enough money before you start a business. Many small businesses fail because they do not plan well and start out with too little money.

Besides helping in your planning, your statement of financial need helps other people decide whether you are a good risk. It shows whether you are a good judge of costs and earnings for a new business.

What a statement of financial need includes. The statement of financial need shows your money on hand and the expenses you expect your business to have in the first few months.

Ted Lasser's statement of financial need is shown below.

STATEMENT OF FINANCIAL NEED

Expenses (for first 3 months)		Money on Hand	
Salaries	$ 0	Owner's Cash on Hand	$ 0
Building and Property	0	Investments	0
Repairs and Remodeling	1,000	Personal Loans	0
Equipment and Furniture	500	TOTAL	$ 0
Supplies	1,000		
Advertising	300		
Insurance	200		
TOTAL	$3,000	TOTAL STARTING EXPENSES	$3,000
		TOTAL MONEY ON HAND	0
		TOTAL LOAN MONEY NEEDED	$3,000

Ted felt odd putting a "zero" in each blank for "Money on Hand." But he felt his business description would explain this. It would show that he had invested most of his savings in his tools and in his home. Both were business assets.

Purpose of a Business Description

Writing a business description takes time. But it is good to have for several reasons. First, it forces you to be clear about what your business will be like. It makes you think through some hard questions before you start, such as, "What is my competition? What will I do to compete successfully?" Second, a business description helps others decide whether your ideas are worth backing. In Ted Lasser's case, his business description had to explain why he wanted to start a business when he had no money on hand.

Ted described his main assets--namely his tools and his new home that he would use for business. That way he showed why his statement of financial need was reasonable.

What a Business Description Should Include

Your business description turns your idea into something real. It should include:

- the type of business you plan to go into and the business name, if you have one (Ted Lasser described his business as "Ted Lasser, General Contractor and Carpenter");
- the products or services you will provide (Ted explained that he wanted to specialize in remodeling and building additions to older homes);
- the business location and why you chose it (Ted explained that his move to the area was a wise use of his savings, because now he was in an area where his services were needed).

The business description should also include the points below. Ted took time to explain each one in detail.

- State who your customers will be and how many you might serve.
- Describe your competition.
- Outline your plan for competing: unique services, your business image, etc.
- Discuss your plan for running the business and keeping it successful.

With a statement of financial need and a business description, you are ready to apply for a loan if you need one. Some banks and credit unions set money aside to help small businesses get started. The Small Business Administration (SBA) will help finance new businesses if others refuse to do so. The SBA is a good source of information about how to get a loan.

You may also borrow money from friends or ask people to invest in your business. In this case, it is wise to have a lawyer check your plan before you go ahead.

Summary

Before you start a carpentry business you must have a plan for what you will offer and how you will compete. A business description puts your plan in writing and helps you get money to start. You also need a statement of financial need. It shows the total expenses of getting started, the total money on hand, and the total business loan needed.

Carpenters can often get started as general contractors with a small amount of tools and equipment and can work out of their home. So you may be able to start your business with a small amount of money.

Learning Activities

Individual Activities

1. List the advantages and disadvantages of borrowing money from friends to start your own business as a carpenter.

2. List three things that a business description for a carpenter should include.

3. What are the problems and benefits of borrowing money compared with using only your own capital to start a business as a carpenter?

4. List two reasons for writing a statement of financial need for a new business even if you do not plan to request a loan.

Discussion Questions

1. Discuss how Ted Lasser might change his statement of financial need to increase his chances of getting a loan.

2. Suppose under "Potential Customers" in his business description, Ted Lasser simply wrote "homeowners in this area." What else should he say to make this section clearer?

3. Linda Carson is a skilled carpenter. She asked for a $10,000 loan to start a cabinet-making business but was turned down at the bank. Her statement of financial need included $5,000 for rent and remodeling of a shop in a choice downtown location. Discuss how Linda might change the financial requirements of her location to increase her chances of getting a loan.

Group Activity

In groups of three to five students, write a business description for Ted Lasser's contracting business. The business description should be at least 500 words long.

31

UNIT 4

Being in Charge

Goal: To help you learn about managing work and people as a carpenter in business for yourself.

Objective 1: Decide how to divide the work of a carpentry business among several people.

Objective 2: Pick the best person for a specific job in your carpentry business.

Objective 3: Describe one kind of training you might give your employees.

TED HIRES HELPERS

Once Ted got started on his first contracting jobs, he knew how it felt to be in charge. "It takes lots of self-discipline to work for yourself," Ted thought. "I also need help from other people. There are so many things I must do each day."

Ted came up with a plan for dividing the work of his business. He asked his wife Sue to help him with the bookkeeping and answering phones part-time. Ted agreed to pay her a regular salary.

Ted also had to divide up the carpentry work. He did the bidding for jobs himself. He also did most of the work on remodeling jobs. On large jobs Ted hired help. Depending on how much skill each task needed, he hired different people. He hired construction laborers to tear out old walls, floors, and so forth. He would hire other carpenters to help with construction. Ted got to know people who did good work. Then he would call them first when he got a new contract. If they were tied up, he had other people to contact.

Ted also arranged for other subcontractors to do work that was beyond his scope as a carpenter. For example, he subcontracted plumbing and heating work to people with skills in those areas.

Ted supervised all the carpentry work on each job. He also gave his helpers on-the-job training when they needed it. One day Ted hired Meredith Templeton, a new carpenter's apprentice, to help on a large kitchen remodeling job in an apartment complex. Ted took extra time to show Meredith why he did each task a certain way and didn't take shortcuts. Ted had her watch him cut a pattern, lay it on the formica, and cut the formica for kitchen counters. Then he had Meredith do the next counter section. He showed her how to hold the knife to keep it from catching or cutting her.

Being in Charge

What It Means to Be in Charge

You are "in charge" when you own your own business and work for yourself. Being in charge means that you must make your own decisions. To be in charge you need self-discipline. No one makes you work or tells you what to do. For someone who is used to taking orders, learning to be in charge may be one of the hardest tasks of small business ownership.

Learning to be in charge takes discipline and persistence. But you must also become skilled in directing your own work and the work of others.

Dividing the Work

Many different kinds of work need to be done in a construction or remodeling business. The person in charge makes sure that they all get done. If you are a self-employed carpenter, you may do all the carpentry work and manage the business yourself. If you hire people to work for you, you have help. But then it is up to you to decide who does what. The owner of a carpentry or contracting business must divide up both the construction work and the work of managing the business. The work can be divided among yourself, your employees, and people whose services you pay for.

Paying for Services

Many small business owners pay independent agents to help them manage their businesses. You might hire a bookkeeper, for example.

In Ted Lasser's case, he hired his wife Sue to keep the books and take phone messages. Sue also did the same work for other clients. Ted paid to have someone help with the books. But he still had to spend time on money matters himself. He tried to keep close watch on the money coming in and going out. He wanted to keep his business successful.

A small business owner may pay for many services. Some services, like bookkeeping and accounting, help the owner make decisions about money. The owner may decide to pay for other services to get the day-to-day work of the business done. These services might include phone answering or typing.

What to Look for in Hiring Employees

A general contractor or self-employed carpenter may have regular employees or may hire people as needed to work on each contract. Either way, you should hire good people. They should have good skills. They should also come to work when they are supposed to. Your own success depends on good work from employees. You must also pay them enough to keep them working for you. You have to strike a balance between keeping salaries low so you can keep more of the revenues yourself and keeping your employees happy.

As a boss you must:

- select employees who can do the work you need to have done;
- decide what to pay them;
- supervise their work; and
- train them as needed.

Supervising and Training Employees

To be a supervisor you need to get along with employees. You must make sure they do a good job without making them feel stupid or pressing them too hard.

Ted supervises employees differently, depending on their skills and their personal needs. He prefers to hire people who don't need much supervision. But he still has to be there when they have questions, and he checks the work as it goes along.

A business owner often finds people who want to work and are easy to get along with but who need more skills. Then it is your job to help train them.

Training someone well may take a lot of time. But it is rewarding to pass on your own skills and experience. And you add to your own success when you train someone to do a better job.

You can do some training on the job. Working closely with employees on tasks that are new to them or that are complex is an important part of training. You can also give employees books to read and have them observe you or other skilled workers.

Summary

Carpentry business owners need to define all the important jobs that must get done in their business. They must decide which jobs to do themselves, which ones to contract out, and which ones to hire employees to do. Before hiring an employee, you should decide what personal qualities and skills the person needs to do the job. As a boss you must also provide training to help each employee do the best possible job.

Learning Activities

Individual Activities

1. List two possible benefits and two possible problems of hiring carpenter's helpers versus doing all the carpentry work yourself.

2. Jose Ortega is a self-employed carpenter who does remodeling and repair jobs. His brother Manuel wants to work for him. But Manuel has only taken one general carpentry course so far. List two ways Manuel could get training so he could help Jose.

3. You are a carpenter with your own business--laying floors for office and residential buildings. You want to hire an employee to help you with all aspects of the carpentry work. Decide which of the three job applicants described below to hire, and explain your choice.

Lee Jones	Meredith Templeton	Ray Harvester
Completed apprenticeship in floor laying	Has learned wide range of carpentry skills in a vocational program	Some on-the-job training in rough carpentry
Very serious, quiet person	Fun to work with, easy-going	Eager to learn, hardworking
Wants top salary	In the middle of the pay range you had in mind	Will start at minimum salary

4. List three ways you could handle bookkeeping for your carpentry or contracting business.

5. You want to hire someone to install kitchen cabinets for a big remodeling job you contracted for. List three personal qualities or skills you will look for in the person you hire. Why is each one important?

Discussion Questions

1. Discuss ways that general contractors could find out about people who might want to do carpentry work for them.

2. Would you use the same approach that Ted Lasser did to get help with bookkeeping and phone calls? Why, or why not?

3. Discuss how you could find out what additional training is needed by a new employee you hired to assist you with carpentry work.

Group Activity

Suppose you hired a carpenter to work for you full-time and the person turned out to do very poor work. As a class, write a list of "Do's" and "Don'ts" for how you would fire this person. Think about such things as giving notice, giving termination pay, and talking it over.

UNIT 5

Organizing the Work

Goal: To help you learn how to keep track of the work of a carpentry business.

Objective 1: On a work order form, list what needs to be done for one of your customers.

Objective 2: Plan a work schedule for yourself or an employee.

39

40

TED GETS ORGANIZED

Ted Lasser had been working as a general contractor for six months. He did small remodeling and repair jobs like building decks and repairing doors for homeowners. Ted also completed two large contracts. In one job, he added a second story to a home and enlarged two downstairs bedrooms. The other job involved gutting a small stucco house and replacing the interior floors, cabinets, panels, etc.

Yesterday, Ted's cousin Joe called to ask whether he had seen the request for bids on the Gallovan Complex. They were four classic old townhouses in a downtown area that was going through urban renewal. A general contractor had contracted to remodel them into apartments. Ted called the general contractor, Jim Divisadero. "Jim, I'd like to bid on the rough and finish carpentry work for the Gallovan job," Ted explained.

Ted stopped at Jim's office to pick up the blueprints. He borrowed the key to one of the Gallovan townhouses and went to check the floor and the stairway construction. After checking the stairwells, Ted had an idea. "We can reverse the existing stairs instead of tearing them out and building new ones," he thought. "That will save a lot of time and money."

Ted decided to bid on the job. First he made a careful estimate of the whole job. Ted listed all the steps to be done before beginning construction, like tearing out walls. He listed all the construction tasks that would be part of the rough and finish carpentry work. Next, Ted figured out how many hours of labor it would take for each member of his crew to do each task. To calculate the completion date, he figured in a few extra weeks in case of delays in getting materials or other problems. Then he made a list of all the supplies that he would need.

Now Ted was ready to price the job. He added up the costs of labor, materials, and overhead. Then he added a percentage for profit. Ted submitted a bid for the work on all four townhouses. A few weeks later, Jim Divisadero called to say Ted had won the contract.

Making an Estimate

In the building trades, a contractor or builder first makes an estimate of the materials and labor needed for a job. When more than one person competes for the job, the estimate is called a bid. The general contractor usually awards subcontracts to the person in each specialty trade who submits the lowest bid. Sometimes a higher bid is accepted if the contractor promises extra work or to deliver faster.

When Ted gets a contract for an entire job, he acts as the general contractor. When he bids on only part of a job, he is a subcontractor. Carpenters sometimes act as general contractors. At other times, they are subcontractors for construction or remodeling jobs.

In making a bid, the general contractor or subcontractor must take into account the cost of materials and labor as well as other factors.

Work Orders

Sometimes a self-employed carpenter or general contractor accepts a job that takes more than one person to do. Sometimes it is a very large, complex job, like remodeling several townhouses. Then a superintendent may be hired to assign work as the job proceeds. On smaller jobs, the person in charge can use a written work order to assign work.

The work order records the agreement between the property owner and the carpenter/contractor and requests workers to do the work. Recently, Ted Lasser was hired to build a deck and put in a sliding door leading to it. He and Meredith Templeton did the work using the work order on the next page.

WORK ORDER

FROM: Lasser Remodeling and Home Repair Service
12495 Rose Avenue

WORK FOR: Renee Dubois
1177 Elm, Villa Loma

JOB: Install Deck and Sliding Door

STARTING DATE: 3/3 ENDING DATE: 3/11

Person(s) Doing Work	Estimated Time	Description of Work*
Templeton	2 days	Tear out wall and prep for patio door installation
Templeton, Lasser	3 days	Build and secure redwood deck, 10' x 12'
Lasser	1 day	Install patio door
		*See proposal #103 and Plan #103 for complete details

WORK STARTED ON: 3/3	TOTAL MATERIALS	$1,800.00
WORK FINISHED ON: 3/11	TAX ON MATERIALS (5%)	90.00
	TOTAL LABOR	1,200.00
	TOTAL COST	$3,090.00

CUSTOMER'S SIGNATURE: _____

The work order gives the customer a record of the work to be done. It also reminds the carpenters who will do the work to schedule time for the job.

Scheduling Work

Careful scheduling is important in construction and remodeling work for at least two reasons. First of all, you are expected to complete the job on time. Unless each task takes place as planned, you can get far behind. Second, certain jobs must be done before others can be started. For example, drywall cannot be put in until the frames have been built.

Besides needing to do tasks in order, you must also plan your schedule to fit with the tasks of workers in other specialties. For example, the construction electrician for the Gallovan job will have to do electrical wiring after Ted's crew constructs the frames and before they put in dry-wall.

A work schedule helps you assign people to tasks and make sure the tasks all get done in the right order. You can also use a written schedule to remind yourself of points during a job when other construction workers need to come in.

When a general contractor or subcontractor does a large job, the tasks may overlap somewhat. For example, after Ted's crew has finished tearing out old construction in one townhouse, another crew can begin new construction. Then the first crew can start tearing out the second townhouse.

The schedule may be changed many times to keep workers busy in spite of delays. If a paint shipment is late, for example, the contractor may shift his construction crew to working on countertops until the paint arrives. This is not ideal, because then the painters have to avoid getting paint on the new counters. But it is better than having workers idle.

Because there are so many unknowns, the schedule for a job must be flexible. There are many important things for contractors or subcontractors to keep in mind in scheduling work.

First, they must estimate the total length of time in which they can do the job, taking into account possible work stoppages, delays in delivery, etc.

Second, they must arrange tasks in an order that will allow them to assign workers quickly to other tasks when they finish one task or when they must wait for someone or something to finish a task.

Third, they must make sure they know workers' personal schedules. Then they can quickly replace or reschedule people to keep the work moving.

Finally, they must make sure the people who work for them or who must coordinate with them know their own personal schedules. A worker or the general contractor may need to get in touch with you quickly. You can post your daily schedule at the work site. Or you can leave it with the person who answers your phone when you are out.

Time Planning

A major problem for most small business owners is planning their own time. Owners tend to work long hours, especially when they start the business. There are a number of ways to improve your use of time. One of the most useful is to list all the things you want to do. Then rank them in order of importance and do the most important ones first.

Having a written daily schedule also helps you plan your time. It is important to make reasonable time estimates and to allow time for the unexpected. Try to allow time for doing the things that you enjoy doing as well as for things you have to do. Try to group tasks. Set aside regular time periods for all the necessary ones.

Often a person will find that there just isn't enough time to do everything. Then you must make choices and accept the fact that some things on your list won't get done. At that point, you may need to talk to other people and change agreements on getting some things done. Or you may need to delegate some work to others so that you have more time for management tasks.

Summary

Making an estimate and bidding on a job is the first important part of organizing work for a remodeling or construction business. On most jobs you may use a work order to assign work. Scheduling and time planning are important whether you work alone or with others.

Learning Activities

Individual Activities

1. List three things you will usually find on a work order for a home remodeling business.

2. Ted Lasser replaced two wooden doors in the Roberts' house. He bought the doors for $75 each plus 5% tax. He spent five hours taking out the old doors and putting in the new doors, and charged $30 an hour. Fill out the work order below for this job.

Person Doing Work	Description of Work	Materials	Labor
		TOTAL MATERIALS	_____
		TAX ON MATERIALS	_____
		TOTAL LABOR	_____
		TOTAL COST	_____

3. Today Ted has four jobs he must do and three he would like to do if he can. Fill out a daily work schedule for Ted using the information on the next page.

Must Do:	Estimated Time:
Complete Tyler job	2 hours
Get building supplies for patio	1 hour
Lay concrete for Warner driveway	3 hours
Estimate building addition for Hernandes home	1 hour
Like to Do:	
Visit dentist	1 hour
Order new business cards	1 hour
Get car radiator fixed	2 hours

	Morning		Afternoon
8-9	_____	1-2	_____
9-10	_____	2-3	_____
10-11	_____	3-4	_____
11-12	_____	4-5	_____
12-1	Lunch	5-6	_____

4. List two reasons for keeping a written daily schedule if you own a home remodeling business.

5. A work order is usually not enough to assign work for very large jobs. List two other ways a contractor might assign work on especially large jobs.

Discussion Questions

1. Look back at the daily schedule you filled out for Ted in Individual Activity #3. Discuss your reasons for leaving out the task or tasks you left out.

2. What problems could arise if you did not use a work order but just told your employees what jobs to do?

3. Ted enjoys doing carpentry work. But since he began his home remodeling business he spends less time on carpentry tasks than he used to. Does this mean he made a mistake? Why, or why not?

Group Activity

Willie Jackson is a self-employed carpenter. He starts each day early, doing the books and answering phone messages. Then he looks at supply catalogs and ads in the paper for sales on supplies. Then he goes out on repair and remodeling jobs. But he usually finds that the day ends before he gets as many jobs done as he promised.

As a group, come up with three or more ideas on how Willie can improve his use of time.

UNIT 6

Setting Prices

Goal: To help you decide how to set prices for a carpentry business.

Objective 1: Pick the best price for one of the services of a carpentry business.

TED DECIDES HOW MUCH TO CHARGE

Ted knew that his business success depended on how well he set prices. If he charged too much, people wouldn't use his services. If he charged too little, he would lose money. When Tim Roberts asked Ted to replace two wooden doors in his house, Ted filled out a one-page proposal to estimate the price of the job. The proposal listed the total cost of the materials, tax on materials, the total cost of labor, and total price of the job. Ted also added a percentage to cover his profit. When Tim accepted the proposal, Ted wrote a work order using the same amounts for labor and materials.

When Ted acted as the general contractor on a large job, his bid included an estimated cost for: (1) total materials, plus tax; (2) total labor, including salaries and operating expenses; (3) subcontracts for plumbing, electrical work, or any other work that was part of the overall job but that Ted's carpentry crew did not do; and (4) a profit on the overall job.

When Ted bid on the subcontract for the Gallovan job, he knew he would be competing against other subcontractors. And since it was such a big job, even a small mistake in estimating costs could mean a big loss. Ted had to price only the part of the remodeling job that involved rough and finish carpentry work. In this case, he did not have to worry about costs of subcontracting to other people. But Ted's own subcontract was still a big job, costing well over $3,000. Ted had to estimate carefully the cost of materials and labor. He also had to add a percentage for his profit.

Since the Gallovan job was the biggest he'd ever bid on, he decided to take a bit off his profit to help him win the contract. Ted also tried to keep costs as low as possible.

Setting Prices

Pricing is important in a carpentry business. First you must set your hourly charge for labor and operating expenses. Then you must decide how many hours a certain job will take. You also have to decide on the materials you'll need for the job and how much they'll cost. Finally, you must decide on how much to add for profit.

If you set your hourly rate too high, you'll lose business to your competition. If it's too low, your profits will suffer. If you make a mistake in figuring out your needs for a certain job, you'll also have problems. Good pricing sense is essential to earning your "bread and butter."

Factors That Determine Price

When you prepare a bid for a carpentry job, you must think about three things: cost of materials, cost of labor and operating expenses, and profit. For materials, you will charge the customer what you paid to buy them. For labor, you will charge a standard hourly rate multiplied by the number of "person-hours" needed to do the job. The "labor" rate covers money paid for salaries, rent, utilities, and other operating expenses. You must also add a certain amount for profit.

Total materials. This is the cost of the carpentry supplies needed for construction or remodeling jobs. This is also called cost of goods sold. For example, to build a patio a carpenter must buy nails, redwood, cement blocks for the foundation, and other materials.

A skilled carpenter is able to figure out in advance how much of each type of material a job will take. Once the job starts, the carpenter must use the materials carefully to avoid mistakes and waste.

The cost of materials may vary. It depends on which supplier you use and on whether you buy a large or small amount. It also may depend on whether supplies are scarce or plentiful at that time of year in your local area.

Since materials costs rise rapidly, it is important to ensure that the prices suppliers quote you today will be the same at the time you're ready to start the job. If you think prices will change, you should add something to your estimate to cover the expected increase.

In some states you must pay sales tax on materials you buy. You need to know what percentage of sales tax to add to the cost of materials. Then you can add it to the estimate.

Total labor. This is the hourly cost to cover the wages of the carpenters who work on a construction or remodeling job plus operating expenses. To figure out your hourly labor rate you need to know the hourly wage you pay each worker. Hourly wages for carpenters and apprentices may be fixed by the carpenters' union. If you use nonunion labor, you may be able to pay a lower wage. You must add payroll taxes, fringe benefits (such as medical coverage and sick leave), and insurance. Next you must add a percentage to cover your other operating expenses. This includes expenses such as rent and electricity for your office, repair and depreciation of equipment, office supplies, and advertising.

In estimating the number of hours it will take to do a certain job, you must know:

- what workers you will need for each part of the job; and
- the number of hours you think each worker will need to work on the job.

You must take into account possible delays due to bad weather, late delivery of supplies, etc. Contractors and carpenters often add a certain amount of hours or weeks to the labor estimate to cover such problems. When you have decided on the number of hours the job will take, multiply

this number by your standard hourly rate. Include this total in your bid to the customer.

Profit. This is the amount you add to the price of the job beyond what it will cost in materials, worker salaries, and operating expenses. Out of the profit you pay your own salary and make improvements in the business. For example, you may buy a new truck or more tools or remodel your office. Profit is your reward for running the business and taking the risks.

A typical profit margin in the construction industry is 10% to 15%. However, the percentage of profit on a job can differ depending on how much the estimator thinks the customer will accept. Contractors or subcontractors try to put the profit fee at the highest possible level that allows them to win the bid. Deciding the percentage of profit is one of the most exciting parts of estimating each job.

On small jobs a fixed percentage may be added to the hourly labor charge to provide for profit. On large jobs the profit fee is added to the cost of materials and labor.

Cost of subcontracts, if any. If you become a general contractor, you will be able to bid on jobs that involve more than carpentry work. When there is a need for electrical wiring, for example, construction electricians will bid on a subcontract for electrical work. Their bids will include their own estimates of the cost of materials, labor, operating expenses for their part of the job, and their expected profit. In a general contracting bid, you include the cost for your work plus the cost of all subcontractors who'll be working with you.

Other Factors That Affect Price

Competition. The prices your competitors charge also affect what you can charge for construction or remodeling work. This is because customers often get more than one estimate when they want a job done and compare

prices. Everything else being equal, the customer will usually pick the "lowest bidder."

If you do work of better quality or work faster, you may be able to get business even though you charge more than the competition. But most customers take their business to the person or company charging the least.

Demand. Interest in your services will also affect what you can charge. Certain kinds of work have to be done, so the demand for them stays high even if prices rise. For example, if there is dry rot in the subfloor of a family's home, it must be repaired before the house is sold. But suppose a family wants to have a deck built in the back yard. If the cost turns out to be much higher than expected, the family may simply not have the job done. The demand will be higher for necessary work than for work that people can live without.

Demand can also depend on your own reputation. If you become known for good, fast, honest work, more people will bring jobs to you even if you charge a bit more than someone else.

Summary

In setting prices for carpentry work you must take into account the cost of materials, cost of labor and operating expenses, and profit. The amount of competition and the demand for your services also affects what you can charge. If you serve as the general contractor for a remodeling or construction job, you must also consider the costs of subcontracts in setting the price of the total job.

Learning Activities

Individual Activities

1. Check the Yellow Pages under "Contractors." Make a list of all the types of contractors whom you think are likely to have a carpentry background and a list of the types you think probably have a background in some other trade.

2. List three things that are included in the hourly labor rate for a remodeling business.

3. You just opened a repair shop and someone asked you to estimate a job. You think the job will cost you about $40 for materials and tax, and $45 for salaries and other operating expenses. Your competition has estimated the job at $105. Which price should you charge--$85, $100, or $125?

4. In making an estimate, Ted Lasser figured that materials plus tax would cost $5;000. Salaries and operating expenses would cost $5,000. He wanted to make 10% profit. How much should he estimate for the job?

5. The price of wood and masonry has gone up by 10% since last year. Jill Travers decides she must either raise her prices or cut down on her number of employees to keep her carpentry repair business from going into debt. List one problem that might result from doing each of these things.

Discussion Questions

1. A carpenter who runs a remodeling business and has hired employees has to take into account some factors in setting prices that a carpentry business owner working alone does not. Discuss such factors.

2. "Ted Lasser would save money by not making an estimate on each job, because he would not have to spend time traveling to the job site and making the estimate."

   Discuss what is wrong with this statement.

3. Discuss ways that you could increase the demand for your carpentry services.

Group Activity

In pairs, role play a discussion between Ted Lasser and Tim Watson, who needs to have the floor and subfloor in his living room replaced because of dry rot. Try to come to an agreement.

Ted's point of view: Does not want to give a firm estimate because he doesn't know how much damage there is. Would rather charge for materials actually used and time actually spent.

Tim's point of view: Wants to know how much the job will cost before he gives a go-ahead on the work. If it costs too much, he would prefer to wait until he can save more money.

UNIT 7

Advertising and Selling

Goal: To help you learn ways to advertise and sell the services of a carpentry business.

Objective 1: Pick one way to advertise a carpentry business.

Objective 2: Design a printed ad for a carpentry business.

Objective 3: Describe one way to sell the services of a carpentry business.

TED LASSER ADVERTISES

In Ted's new area, there was a lot of competition. There was also a lot of potential business for a good remodeling contractor and carpenter.

Ted decided to put at least $900 into advertising. He had business cards printed and had forms and stationery printed with the same typeface.

As soon as he had moved, Ted went to the phone company. He wanted to have an ad for his business in the Yellow Pages under "Contractors, Alteration."

When the Yellow Pages came out a few months later, Ted decided to advertise heavily in the local papers, too. Ted designed a written ad and took it to six local newspapers.

Besides advertising, Ted relied on his good reputation to bring him business. The more he could satisfy his customers, the more likely they would be to tell others about him.

As a general rule, Ted tried to be polite with everyone he dealt with. The hardest part of being polite was when Ted had to deal with owners who did not understand carpentry and wanted things done their way!

As time went on, Ted got better at dealing with customers' questions. Sometimes Ted sent an assistant to do a repair job. But he never sent someone out until he had trained that person in how to answer the customers' questions. "Be polite and patient, and tell them what they want to know," Ted told his workers. "If they still have questions, call me."

Good customer relations took lots of time. It was time that Ted would rather have spent sawing or hammering, or even paying bills! But he knew that to succeed in his business, he needed to pay attention to every detail. Getting along with people was one of the most important "details" he could think of.

Advertising and Selling

Advertising Methods

When a carpenter starts a business in construction or remodeling, it pays to advertise. Advertising helps you stand out from your competition. Even more important, it lets people know what services you offer. Unless you have more business than you want, you should spend at least something on advertising.

There are many good ways to advertise a contracting or construction business.

Word of mouth. People who have used your services and have been satisfied will probably tell other people about you when they need those services. Having a reputation for good work at a fair price and for doing jobs on time will help bring you new business. These qualities will also bring your old customers back again.

A business card. Your business card is a good way to tell people about your business. You can have a large number of cards printed at a fairly low price. Then you can hand a card to your customers and suppliers as well as to other people whom you meet.

Printed forms and stationery. Some business owners use standard forms and plain stationery and envelopes because they cost less. Others think it is worth the extra cost to have their own business name printed on the forms and stationery they use. Let's suppose you did a job for someone three years ago. In checking her files, she finds your work order with your business name and phone number printed right there. This could make the difference between her calling someone else or bringing more business back to you.

The Yellow Pages. People who are looking for building, remodeling, or home repair services may turn to the Yellow Pages in the phone book. You should have a one-line listing of your business name and phone number under "Carpenter" or "Contractor," with your specialty listed. For example, you might have a listing under "Alteration," "Masonry," or "Building, General," depending on your type of service.

A special ad in the Yellow Pages costs more. But it helps readers see what is special about your business. If you offer special services, or if you simply want to stand out from the competition, a special ad can make the difference in getting extra business.

Newspaper ads. Ads in the local papers reach large numbers of people at a fairly low cost. Newspaper ads are a good way to build up new business or to advertise sales. They are also useful for introducing a unique product or service.

Most city newspapers have a section in the classified ads that lists people in different trades who have special services to provide. If you are willing to take on a variety of small or odd jobs, this may be a worthwhile way to advertise.

Your vehicle. If you use a truck or van for your business, you may want to paint your business name, etc. on it. This helps attract new customers and gives a professional image to your business.

Other methods. You could advertise your business in still other ways. For example, you could use direct mail, radio, or TV. Outdoor advertising should include a sign on the building where your business is located. It should also include a sign at the construction site naming the general contractor for the job. The advertising medium you use depends on the kinds of customers you want to attract and how much you want to spend.

What Makes a Good Ad?

Newspapers and TV broadcasts are full of ads. What makes one catch your attention? Here are some general rules of thumb.

A good ad needs to be simple, so that people who hear it or see it understand what it is about.

The ad should stand out. It should catch people's eyes or ears so they will pay attention and will remember what was said.

Your ad should be easy to recognize, so it makes people think about your business. Having a special jingle, tune, or slogan could help people tune into a radio ad for your business and recognize it the next time they hear it.

The ad should give people important information about your business. For example, your location, phone number, services offered, and whether you accept credit cards are items that will help people decide whether to bring their business to you.

The ad should also make people want to buy your products and services. A remodeling business, for example, could appeal to people's desire to make their home as roomy, attractive, and comfortable as possible. Or it could point out how much the customer can save by remodeling compared with buying a bigger house.

Selling Your Services

Once you have attracted customers, you must "sell" them on using your services. Here are some examples of how to do this.

Offer services of high quality. If you use cheap materials to keep the price down, be sure that is what the customer wants. Most customers

want their homes or businesses to look better after they use your services, so quality counts.

Treat customers with respect and care. Besides being polite, you must be prepared to give the customer attention and information. A "hard sell" will turn some customers off. On the other hand, you should not expect your services to sell themselves. You must explain what you have to offer and what the choices are. You should not push customers. But if they ask for help in deciding, be ready to respond.

Be businesslike. The way you conduct yourself is part of being businesslike. You should:

- greet customers and talk to them about what they need;
- explain the products and services you offer;
- answer questions and explain why a job costs what it does and takes the time it does; and
- get an agreement in writing as to the terms of the sale and when the job will be paid for.

Being businesslike also means having a business area that is attractive. You want to impress your customers with the neat, attractive work you can do. So it helps if you and your employees are dressed neatly. It also helps if you keep your vehicle and tools neat and orderly.

Care about your community. The work you and other carpenters do will have a major impact on your community. It will affect the appearance and layout of buildings in the area and, thus, the way people live and work. In the construction business you need to be concerned about building codes and living patterns.

It is also important to have a good relationship with other businesses in your community. If you cannot meet a customer's needs or cannot safely take on a certain contract, you should not accept the work. You might know of someone who would be better for that particular job. Then you could refer the customer to that person instead. If you have time, you

might also help with worthy community projects like sponsoring a bowling team or donating materials for an auction.

Summary

Advertising lets people know what services your business has to offer. There are many ways of advertising, depending on the types of people you want to attract and how much you want to spend. To "sell" your business you must meet people's needs, deal with them in a helpful way, and be a good community member.

Learning Activities

Individual Activities

1. List three ways to "sell" your carpentry services when you deal with homeowners or builders.

2. List three things that a good ad for your business should do.

3. Match the advertising medium on the left with the statement that fits it best.

_____ Word of Mouth	a. Easy to keep handy
_____ Newspaper Ad	b. Reaches people who want to buy but don't know whom they want to buy from
_____ Yellow Pages	c. Does not cost anything
_____ Business Card	d. Good for advertising a sale

4. People hire a carpenter or contractor to remodel their homes for many reasons. Check which customer needs you think Ted Lasser's remodeling business appeals to. List one way it appeals to each need you checked.

_____ Comfort
_____ Convenience
_____ Pride or status
_____ Saving money
_____ Security

5. List one way in which you would want to advertise your remodeling or building business on a regular basis and your reasons for choosing it.

Discussion Questions

1. Team up with another student. Role play the first contact between Ted Lasser and Lee Thomas. Lee is trying to decide whether he should have Ted add an extra room to Lee's home or whether he should turn the carport into a room and do the work himself.

2. Can an ad be liked by some customers and not by others? If you owned a remodeling business, what could you do about that?

3. Joseph Raincloud just became a licensed contractor. He lives in a rural area and wants to specialize in remodeling farmhouses. Discuss the advantages and disadvantages of advertising his new business with: (a) skywriting; (b) television; (c) direct mail.

Group Activity

Working in groups, design a printed ad for Ted Lasser's remodeling business. Decide whether you want the ad to appear in the Yellow Pages, local newspapers, or a flier to be mailed to people's homes. The ad should include: (a) a headline; (b) copy; (c) an illustration; and (d) information identifying Ted's business.

UNIT 8

Keeping Financial Records

Goal: To help you learn how to keep financial records for a carpentry business.

Objective 1: Fill out a customer billing form for carpentry services.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

UNIT 8

Keeping Financial Records

Goal: To help you learn how to keep financial records for a carpentry business.

Objective 1: Fill out a customer billing form for carpentry services.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

TED LASSER'S FINANCIAL RECORDKEEPING

When Ted started his remodeling business, he asked Sue to set up a separate checking account and set of books for the business. This helped him keep his business expenses separate from his personal expenses. Sue started filling out a daily cash sheet for Ted. It kept track of the day-to-day revenues and expenses of his business. Having a daily record made it easier to catch errors fast. It also helped Sue prepare a monthly profit/loss statement.

Then another problem developed. Though he got lots of customers, Ted sometimes found himself out of cash to pay his own bills. This was because customers waited until the work was done, or even later, before paying. Ted also had a customer who insisted he had already paid. Ted wasn't sure whether he'd ever be able to get his money for that job.

Ted decided to start a new payment setup. He asked customers to pay 1/3 down when they accepted the estimate, 1/3 at completion of the job, and the rest within 30 days. He also gave them a written receipt for each payment. This plan worked well for small jobs for homeowners, which were a big part of Ted's business. When he won the subcontract for the large Gallovan job, though, Ted was not sure how well it would work. Ted and Sue talked to the accountant who kept the books for the general contracting business of Ted's cousin Joe.

He explained that large contractors and subcontractors often keep records based on the percentage of completion of each job. He said this system would relate better to the monthly payment plan by which Ted would be paid on the Gallovan complex.

"For now, I can get by with the one-third down system and daily cash sheets," Ted decided. "But when more than half of my revenues start coming from large jobs, I'll need to change to a new system."

Ted also began keeping track of how actual costs compared with his estimate. This helped him do a better job of estimating costs on future bids.

Keeping Financial Records

The Importance of Good Financial Recordkeeping

To succeed in business for yourself you need to be a good carpenter. You also need to keep track of finances and make money decisions. Whether you do your own bookkeeping or hire someone to do it, you will need a system that works for you. It must give you the information you need to run your business.

You need separate financial records for your business. Such records help you in many ways.

Keep track of revenues. This is the money coming into the business. Money will come into your business in the form of cash, checks, and credit payments. It may come in for work to be done, work just completed, or work for which the customer owes you. You need to keep track of all these forms of revenues.

Keep track of expenses. This is the money you must pay out. Money must be paid out for supplies, overhead, employees' salaries, and other bills you pay to keep your business going. Good financial records show how much and to whom you paid expenses.

Write business reports. Business owners must prepare financial reports for tax purposes or to get a loan. Good records make it much easier for you to prepare reports when you need to.

Make business decisions. To improve your business or raise your profits, you need to know how you have done so far. Unless your records tell you this, you cannot make wise decisions about the business. For example, if you use cost accounting to compare your actual and estimated labor costs, you can do a better job when you estimate the costs of future jobs.

Planning Your Recordkeeping

To prevent recordkeeping from becoming a burden, you must decide who will do it and how to do it. The type of system you use may be very different, depending on the size and type of business you have. Keeping financial records for an ice cream store is one thing. It is quite different from keeping records for a building contractor who does several hundred thousand dollars' worth of business each year.

Many small business owners hire someone to help them with bookkeeping, which is financial recordkeeping. They also get help with accounting, which is making financial decisions. But the owner must work with the bookkeeper or accountant.

The owner must explain the way payments are made, the amount of money coming in, whether credit is given, etc. These things affect the type of financial records you keep. In turn, the records must be in a form to give you information needed for making decisions about your business. For example, if credit customers owe for a long time, you may need a new credit policy or payment arrangement. If your expenses exceed your revenues, you need to change your business in some way!

Handling Credit

Most businesses that sell costly products or services, including carpenters' or contractors' businesses, accept credit. This means that they let the customer owe them at least part of the job price for a short time.

As a business owner, you should clearly state your credit policy--that is, whether you accept credit and on what terms. Your customers also need to know whether you will accept national credit cards. Some businesses give a discount if customers pay quickly. Sometimes they charge extra for late payments.

Credit sales and payments must be recorded carefully. When you provide goods and services to a credit customer, it means that you have spent money. But you have agreed to wait for payment. You need a complete record for your own information and to remind customers that they must pay you. Upon payment you should record the fact that payment was received. Then you should give the customer a copy of the receipt. This helps avoid disagreements about whether you have been paid.

Some businesses use a separate customer account form. It helps keep a record of how much a credit customer owes. They also use a billing form to request payment. Below is an example of a customer billing form such as the one Ted Lasser used to bill Renee Dubois for the last one-third of the remodeling job Ted did for her.

CUSTOMER BILLING FORM

Customer: Renee Dubois

1177 Elm, Villa Loma

Work Completed: 3/11 Payment Due: 4/11

Billing Date	Description of Service	Amount Charged	Payment Received	Balance Due
3/3	Install patio door and redwood deck	$2,400	$800	$1,600
3/11	Work completed		800	800

Balance Due By: 4/11 $800

Daily Cash Sheet

To list all the money coming into and going out of the business in a day, Ted filled out a daily cash sheet. This recordkeeping system worked well for small, private jobs that Ted completed in 30 days or less.

To fill out a daily cash sheet for your business you must first add up all the cash sales (whether paid in cash or by check) you received that day. Then you must add up all the payments received on a given day for prior work for which the customer still owed. These are called credit sales. Adding cash sales and credit sales gives you the total revenues for your business in one day.

On the other side of your daily cash sheet you must list all the money your business paid out for the day. These expenses may include salaries, building or vehicle expenses, equipment and tools, and materials. Other expenses like insurance or advertising are also included.

The daily cash sheet that Ted Lasser filled out on June 18 is shown below.

Lasser Remodeling and Home Repair Service
DAILY CASH SHEET
June 18

Revenues		Expenses	
Cash Sales	$5,000	Salaries	
Credit Sales	3,000	Building Expenses	$ 100
		Tools and Equipment	200
		Materials	450
		Advertising	50
		Vehicle Expenses	50
		Other (Insurance)	150
TOTAL REVENUES	$8,000	TOTAL EXPENSES	$1,000

On June 18 the total revenues for Ted Lasser's remodeling business were $8,000. Total expenses were $1,000. The figures each day might be very different, however. Some days revenues were low and expenses were high. Some days Ted took in more than he paid out. Summing up his daily cash sheets over a month gave Ted an idea of whether he had enough cash to meet his needs.

Ted's daily records are periodically summarized and organized into forms that show how the business is doing, such as a balance sheet and a profit/loss statement. You will learn about profit/loss statements in the next unit. If you do go into business for yourself, get the advice of a bookkeeper or accountant about how to complete a balance sheet.

Summary

All small businesses must keep financial records to keep track of money coming in and going out. Good records help you write financial reports and make decisions about your business. If you accept credit, you need customer account forms and billing forms to record payments made and amounts due. A daily cash sheet records the total revenues and expenses for your business each day.

Learning Activities

Individual Activities

1. List two reasons for keeping complete financial records if you have your own remodeling or construction business.

2. Complete the following customer billing form for Lee Thomas, who hired Ted to extend the living room in Lee's home by several feet. Lee paid $1,000 down, $1,000 on completion of the job, and owes the rest, another $1,000, in 30 days.

CUSTOMER BILLING FORM

Customer: Lee Thomas
1234 Fifth Avenue
Lo Hondo

Work Completed: 7/11
Payment Due: ____

Billing Date	Description of Service	Amount Charged	Payment Received	Balance Due
7/1	Extend living room wall	$3,000	$1,000	$2,000
7/11	Work Completed		$1,000	$1,000

Balance Due By: ____ $____

3. Fill in a daily cash sheet for Lasser Remodeling and Home Repair Service for August 9. On that day Ted received a down payment of $350 on a job to install new doors and windows in Wesley Wonder's house. He also received the balance of $1,000 due on Lee Thomas' wall extension job. Ted paid $900 for materials for the Wonder job and $125 for a printed ad.

DAILY CASH SHEET Lasser Remodeling and Home Repair Service August 9			
REVENUES		EXPENSES	
Cash Sales	_____	Salaries	_____
Credit Sales	_____	Building Expenses	_____
		Tools and Equipment	_____
		Materials	_____
		Advertising	_____
		Vehicle Expenses	_____
		Other	_____
TOTAL REVENUES	_____	TOTAL EXPENSES	_____

Discussion Questions

1. Sometimes the total expenses for a carpentry business for one day are more than the total revenues. Does this mean the business is in trouble?

2. What can a carpenter or contractor do about customers who pay slowly?

3. Discuss the conditions under which you would try to get customers to pay in cash for building or remodeling services and the conditions under which you would give credit.

Group Activity

In groups of two or three students each, make a list of the types of business decisions Ted Lasser might make when he would need information from financial records. Group them as to whether they are wise decisions when the business is "in the black" (doing well) or when it is "in the red" (losing money).

UNIT 9

Keeping Your Business Successful

Goal: To help you learn how to keep a carpentry business successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for a carpentry business.

Objective 2: State one way this business could increase its profits.

Objective 3: State one way this business could change its services to increase sales.

TED LASSER LOOKS AT HIS BUSINESS' HEALTH

Ted had been in the remodeling business for two years. Business was growing, but so were expenses. Ted wanted to know whether his profits were keeping up with the costs of expanding his business.

"Profits aren't my only concern, though," Ted thought. "I've learned that I really like working for myself. With Sue's help, I've come a long way. I like being my own boss."

Sue had the second-year profit/loss statement ready to show Ted. It showed a net profit of $29,400. The first year their profit was $25,600.

"So we are making a good profit," Ted said. "But let's compare last year's profit ratio to this year's."

When they compared the figures, both Ted and Sue were bothered. "Last year we had $160,000 in sales, and our profit ratio was 16%," Ted noted. "This year our sales went up to $210,000. But our percentage of profit was 14%. The profit didn't increase as fast as our sales did."

Ted wanted to make some changes in his business. He made more profit on large jobs than on small ones. But the number of large jobs had gone down during his second year.

"If I can do a higher percentage of large jobs next year, I can increase my net profit. I'll have to bid on large contracting and subcontracting jobs."

Ted also decided to spend more time training his construction crews to reduce waste in using materials. "That way I can cut my costs for materials," he thought.

Keeping his business successful meant a lot to Ted. "Now that I know what it's like, I want to keep on being my own boss. And, of course, I want to make a good living at it, too!"

Keeping Your Business Successful

Profit and Personal Satisfaction

When people go into business for themselves, they often expect to make more money than they would if they worked for someone else. Sometimes they do. But many small business owners make less money on their own. They may even lose money.

People need to make a certain amount of money to feel happy with their success. However, personal satisfaction is more important than profit to some small business owners. They find that they really enjoy the freedom and challenge of being their own boss. For them, being happy in their work is just as important as making money. As long as they have enough to keep going, they prefer to keep working for themselves.

Other people who start their own businesses find that the long hours and extra worries are not worth it, even if they make a good profit.

How to Measure Financial Success

To figure out the financial success of your business you can compare revenues, cost of goods sold, and expenses over time. You can also compare net profits and profit and expense ratios. All of these figures are found on the profit/loss statement.

The two-year profit/loss statement for Ted's business is shown on the next page.

TWO-YEAR PROFIT/LOSS STATEMENT				
	Year 1		Year 2	
	$	%	$	%
Revenues	$160,000	100%	$210,000	100%
Cost of Goods Sold	96,000	60%	126,000	60%
Gross Profit	$ 64,000		$ 84,000	
Expenses				
Salaries	$ 26,000		$ 37,000	
Gasoline	2,000		2,700	
Repairs & Depreciation on Equipment	2,200		3,200	
Office Supplies	1,000		1,700	
Advertising	1,500		1,800	
Other	5,700		8,200	
TOTAL	$ 38,400	24%	$ 54,600	26%
Net Profit	$ 25,600	16%	$ 29,400	14%

The figures in this statement can be used to give Ted some very important information about his business.

Ted's net profit is found by subtracting total expenses from gross profit. Is $25,600 a good profit? One way to answer this question is to ask, "Will this meet the needs of the owner?" In this case, Ted earned a fairly good amount of profit for his first year of business. Another way to answer this question is to compare the net profit to the total revenues Ted took in (total sales). Then you can see what percentage of revenues he kept as profit. This percentage is called the profit ratio.

Ted's profit ratio is found by dividing his net profit by total sales ($25,600 divided by $160,000 = .16 or 16%). The expense ratio is the percentage of revenues Ted used to pay expenses. You find this by dividing expenses by total sales ($38,400 divided by $160,000 = .24 or 24%).

Ted's revenues and net profit increased in Year 2. However, his expenses increased faster than his profit. His profit ratio fell, and his expense ratio rose. Year 2 was a good year for Ted. A net profit of $29,400 is "nothing to laugh at." However, if Ted improves his business next year, he may be able to bring his profit ratio back up to the Year 1 level.

How to Make Your Business More Successful

In order to increase profits, you can:

- increase sales;
- raise prices; or
- reduce expenses.

To increase sales Ted can try to get more jobs. Or he can spend more of his time on large jobs that bring in more revenues and contribute more to his profit.

Raising prices is a way of keeping more of your revenues as profit. Ted could raise his prices if he were sure the demand for his services would stay high. At this point in his business, though, he decided to focus on increasing sales and reducing expenses. Later, when he has built a secure reputation, he may raise his prices.

At this point, Ted decided he should also try to cut expenses by cutting costs of materials. Carpenters use a great amount of materials in construction and remodeling jobs. Avoiding waste of materials can help make the difference between making a profit and losing money.

There are many ways to cut costs in business. Each way may save you only a little. But together these small ways can make a real difference. Another way to reduce expenses is to avoid jobs that you think may be "losers." Sometimes carpenters take on jobs that are too large for their business to handle. Or the job may have requirements that make it a hard job to do. In the contract construction business it is very important to

know your own limits. Some jobs tend to cost more than they are worth, both in money and in headaches.

Getting Information to Change Your Business

Small business owners must be aware of the world around them to stay successful. Besides paying attention to their own profit, they should provide products and services for which there is growing demand. In other words, there must be a good market.

Ted knew that the remodeling business was an expanding market. He read the papers and talked to people about changes in housing patterns. Ted also read books and magazines to keep up to date about changes in the construction industry. When he felt ready, Ted decided to go after larger jobs and reduce waste in production. Like other small businesses that succeed, Ted's business changed as the world around him changed.

Summary

Small business owners usually look at success in terms of personal satisfaction as well as profit. Comparing yearly profit/loss statements lets you see whether your net profit is staying high enough. To increase profits and keep your business successful, you may need to change or improve your products or services.

Learning Activities

Individual Activities

1. List two ratios you can calculate from a profit/loss statement and explain what each one tells you.

2. List three ways to increase the profits of a remodeling business.

3. Complete the two-year profit/loss statement below for the Raincloud Construction Company.

TWO-YEAR PROFIT/LOSS STATEMENT
RAINCLOUD CONSTRUCTION COMPANY

	Year 1		Year 2	
	$	%	$	%
Revenues	$200,000	100%	$250,000	100%
Cost of Goods Sold	120,000	60%	150,000	60%
Gross Profit	$ 80,000		$100,000	
Expenses	$ 40,000	____	$ 50,000	____
Net Profit	$_____	____	$_____	____

4. Is Raincloud Construction Company staying successful? Defend your answer.

5. List two ways a carpenter can keep down operating expenses to increase profits.

Discussion Questions

1. If you were trained as a carpenter and began your own construction or remodeling business, would you be more concerned with profit or personal satisfaction?

2. Some carpenters or contractors do not want to increase their sales beyond a certain level. Can you give some reasons for this?

3. Discuss the reasons why sales for a remodeling business might go down.

Group Activity

Several teams of three students each should locate a contracting business in your community that provides general or specialized carpentry services. Do some research to find how the business has changed since it started in order to stay successful. Ask the owner or employees of the business to help you.

- Plan how you are going to get your information (for example, talk to the owner, employees, or customers).
- Collect the information.
- Present a short report to the class describing the changes that this business has made and how these changes made the business more successful.

SUMMARY

This module has described the types of small businesses you can open with a carpentry background. Such businesses may involve construction, remodeling, or repair of residential or commercial buildings.

If you have enough experience as a carpenter, good managerial skills, and the personal qualities that make for success, you might consider opening your own business as a carpenter or general contractor.

Starting a business takes careful planning and enough money to pay all your expenses. You must be well organized to handle the many tasks of running a business. Good money management is also a must.

In order to own and operate a successful carpentry business you need carpentry training, work experience, and the special business management skills we have covered in this module. You should take carpentry courses, become an apprentice, and get experience as a journeyman carpenter. You can learn business management skills through business classes, experience, and by using the advice and example of an expert.

You may not make a lot of money by owning a carpentry business. However, you would have the personal satisfaction of being responsible for your business and making your own decisions. Think about how important these things are to you in considering whether you should start your own carpentry business.

QUIZ

1. A carpenter who opens a business needs to know the basics of

   _____ a. home rental.
   _____ b. construction.
   _____ c. real estate.
   _____ d. retail selling.

2. A carpentry contractor needs to be able to read

   _____ a. foreign languages.
   _____ b. license plates.
   _____ c. blueprints.
   _____ d. want ads.

3. In order to compete as a carpenter in business for yourself you should

   _____ a. do only remodeling.
   _____ b. do only new construction.
   _____ c. offer services that are in demand.
   _____ d. work only for contractors.

4. To get a contractor's license you must

   _____ a. pass an exam.
   _____ b. make a certain amount in yearly revenues.
   _____ c. take a contracting course.
   _____ d. complete several buildings.

5. Most of a carpenter's work is done

   _____ a. at home.
   _____ b. at the job site.
   _____ c. in an office.
   _____ d. in a vehicle.

6. Which of these areas is best for locating an apartment remodeling business?

_____ a. In a rural area
_____ b. In a large, old city
_____ c. In a newly incorporated city
_____ d. In an area of wealthy homes

7. A business description is most important to help a carpenter

_____ a. attract customers.
_____ b. advertise.
_____ c. get a loan.
_____ d. buy supplies on credit.

8. "Money on hand" for starting a business may include

_____ a. a bank loan.
_____ b. inventory.
_____ c. personal savings.
_____ d. insurance.

9. Hiring a bookkeeper means that the carpenter who owns the business

_____ a. does not understand money matters.
_____ b. wants help in keeping good financial records.
_____ c. will not have to keep track of expenses.
_____ d. is more interested in profit than in carpentry.

10. What is the best way to find out whether a person you might hire has good carpentry skills?

_____ a. Watch the person do some carpentry work
_____ b. Talk to the person's teacher
_____ c. Ask to see the person's high school transcript
_____ d. Ask the person to describe his or her experience

11. List two ways you could help train a new employee to install cabinets.

a. _____

b. _____

12. List two amounts that are recorded on a work order in a carpentry business.

a. _____

b. _____

13. The most important thing to keep in mind when carpentry owners make up their own schedules is

_____ a. the amount of profit they want.

_____ b. what their employees prefer.

_____ c. the importance of each task.

_____ d. what they enjoy most.

14. List two factors that affect the price of a carpentry service.

a. _____

b. _____

15. A Yellow Pages ad is a good way for a carpenter to

_____ a. attract new customers.

_____ b. announce special sales.

_____ c. raise prices.

_____ d. advertise free.

16. "Don't buy a bigger house! Remodel your existing home." This ad appeals most to customers' need for

_____ a. pride or status.

_____ b. economy.

_____ c. comfort.

_____ d. security.

17. A good way to "sell" your carpentry services is to

_____ a. be prompt and polite with customers.

_____ b. use television ads.

_____ c. use plain, "businesslike" stationery.

_____ d. hire more employees.

18. A customer billing form is used when the customer

_____ a. gives you a downpayment.

_____ b. pays on credit.

_____ c. pays in cash.

_____ d. gets a discount.

19. A daily cash sheet for a carpentry business shows the

_____ a. amount of profit.

_____ b. outstanding debts.

_____ c. monthly rent.

_____ d. cash sales.

20. Taking the difference between gross profit and expenses for the year gives you the

_____ a. profit ratio.

_____ b. expected profit.

_____ c. net profit.

_____ d. expense ratio.

21. List two ways to increase profits for a carpentry business.

a. _____

b. _____

22. A good way to increase carpentry business sales is to

_____ a. raise prices.

_____ b. reduce expenses.

_____ c. sell services in high demand.

_____ d. sell services for which competition is high.

U.S.GPO:1981:791-797/315

PROJECT PRODUCTS

Entrepreneurship Training Components

Vocational Discipline	Module Number and Title
General	Module 1 - Getting Down to Business: What's It All About?
Agriculture	Module 2 - Farm Equipment Repair
	Module 3 - Tree Service
	Module 4 - Garden Center
	Module 5 - Fertilizer and Pesticide Service
	Module 6 - Dairy Farming
Marketing and Distribution	Module 7 - Apparel Store
	Module 8 - Specialty Food Store
	Module 9 - Travel Agency
	Module 10 - Bicycle Store
	Module 11 - Flower and Plant Store
	Module 12 - Business and Personal Service
	Module 13 - Innkeeping
Health	Module 14 - Nursing Service
	Module 15 - Wheelchair Transportation Service
	Module 16 - Health Spa
Business and Office	Module 17 - Answering Service
	Module 18 - Secretarial Service
	Module 19 - Bookkeeping Service
	Module 20 - Software Design Company
	Module 21 - Word Processing Service
Occupational Home Economics	Module 22 - Restaurant Business
	Module 23 - Day Care Center
	Module 24 - Housecleaning Service
	Module 25 - Sewing Service
	Module 26 - Home Attendant Service
Technical	Module 27 - Guard Service
	Module 28 - Pest Control Service
	Module 29 - Energy Specialist Service
Trades and Industry	Module 30 - Hair Styling Shop
	Module 31 - Auto Repair Shop
	Module 32 - Welding Business
	Module 33 - Construction Electrician Business
	Module 34 - Carpentry Business
	Module 35 - Plumbing Business
	Module 36 - Air Conditioning and Heating Service

Related Resources

Resource Guide of Existing Entrepreneurship Materials

Handbook on Utilization of the Entrepreneurship Training Components